



BACKING THE BUSINESS OF RURAL AMERICA

A “WIN-WIN” FOR AMERICA’S LENDERS, RURAL BUSINESSES, AND RURAL COMMUNITIES

More Profitability and Flexibility

The USDA Business & Industry (B&I) Guaranteed Loan Program – administered by the U.S. Department of Agriculture (USDA) – can help lenders be more profitable and competitive. Loans that were too large or specialized without our involvement are now more attractive with a Federal guarantee of up to 90 percent. The guaranteed portion of the loan does not count against a bank’s legal lending limits. The secondary market for B&I guaranteed loans can be a continuing revenue source for lenders.

Better Access to a Larger Pool of Loan Guarantees

Lenders now have access to a pool of over \$1.5 billion in loan guarantees. More than 1,400 lenders are already using this special funding pool to make loans with higher guarantees and lower fees. USDA rural business professionals at the State level have higher approval limits, which help lenders get credit to their customers faster.

Be a Leader in Backing the Business of Rural America

Using B&I loan guarantees helps community-oriented lenders be leaders of economic development in rural communities. This is the only Federal loan guarantee program exclusive to rural businesses. USDA is dedicated to making its best effort to provide a guarantee for every eligible loan.

Enhance Your Customer Relationships

Even with larger guarantees, lenders still own the customer relationship. Lenders use their own documents, security instruments, and commercial underwriting requirements. They set interest rates and terms and service the loans. Local USDA personnel can assist through the entire process, so the lender can concentrate on the customer relationship.

THROUGH THE AMERICAN
RECOVERY AND
REINVESTMENT ACT OF
2009 (ARRA), LENDERS
NOW HAVE ACCESS TO
\$1.5 BILLION IN ADDITIONAL
LOAN GUARANTEES
FROM THE BUSINESS AND
INDUSTRY (B&I) GUARANTEED
LOAN PROGRAM
ADMINISTERED BY USDA
RURAL DEVELOPMENT.



LIKE NEVER BEFORE, USDA IS BACKING THE BUSINESS OF RURAL AMERICA

300% More Funds to Help Lenders Finance Rural Businesses

The USDA B&I Guaranteed Loan Program partners USDA with lenders to back the business of rural America. Lenders now have a stronger incentive to make loans to rural businesses, and those businesses have a better chance of getting the financing and terms they need. As a result, the rural communities can thrive as their local businesses grow. The program is now fortified by a nearly 300-percent increase in funding, a guarantee that supports up to 90 percent of the lender's risk, credit enhancements, and a commitment that every eligible loan quickly receives a guarantee.



Rebalance Your Customer's Balance Sheet

Eric Manke of Ridgestone Bank, a Midwestern-based national bank, is one of 1,400 lenders using the USDA B&I Guaranteed Loan Program to finance rural businesses and stimulate economic activity in their communities. Manke's customer, a global producer of forest products, used a B&I guaranteed loan to refinance his debts and save over 150 local jobs.

The company was using short-term credit to finance long-term debts, making it a good candidate for what Manke calls a "rebalancing of the balance sheet." This \$8.5 million guarantee allowed the bank to write a loan above its legal lending limit and benefit from marketing the guaranteed portion on the secondary market.

Additionally, Manke found the local USDA specialists to be business savvy and accessible. He and his team view them "as a partner to assist us in getting the customer the appropriate finance package," said Manke.

Better Financing for Building Relationships

Kevin Tenpas of Heartland Business in Green Bay, Wisconsin, used the USDA B&I Guaranteed Loan Program to benefit his bank and a local trucking company.

The bank used four B&I guaranteed loans to provide more than \$13 million to help a customer purchase trucks and equipment and to expand its network of cold-storage warehouses.

Selling the guarantees on the secondary market, the bank provided a more favorable interest rate with long-term credit. "We wouldn't have delivered a 20-year loan at such favorable rates and terms without the guarantee and this ability to sell it," he said.

Because of the financing, the customer increased its staff of drivers from 250 to 500 and created an additional 25 to 30 jobs at its new warehouses – nearly 300 new jobs in rural America.

Share the Risk of Expanded Financial Solutions

Michael Donato, a Vice President of Government Guaranteed Lending at Susquehanna Bank in Lititz, Pennsylvania, uses the USDA B&I Guaranteed Loan Program to help his bank with financing it might not otherwise provide.

Donato provided a B&I guaranteed loan to an exposition center that was denied promised capital from other sources. Through the USDA B&I Guaranteed Loan Program, Donato and his team provided a \$10 million financial solution that his customer did not expect – and one that they intend to profit from on the secondary market with the guaranteed portion of the loan.

"The USDA B&I Guaranteed Loan Program helped strengthen our relationship with our customer because we were able to bring something to the table that they weren't even aware was previously in the mix," Donato said.

Boost Your Lending Limit to be More Competitive

Sue Chandler of Santa Cruz County Bank in Santa Cruz, California, helped her customer, a produce distributor, refinance his debt through a USDA B&I guaranteed loan. The distributor was in need of a financial solution to manage the cost of running a 44,000-square-foot storage facility. Using a USDA B&I guaranteed loan to refinance its debt, the customer retained his more than 150 employees and obtained a long-term loan that he could afford.

"It was a win-win for both the lender and customer. The B&I program was paramount in making this relationship happen," Chandler said.

Due to the community bank's legal lending limit, this \$4.6 million loan, combined with the \$1.5 million revolving line of credit, would normally have been out of reach. But with the guarantee, Chandler and her team beat out two larger banks for the business.

To call any USDA Rural Development State office, call 1-800-670-6553, or visit: www.rurdev.usda.gov
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